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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
TAGS: [OPRC](#) [KPAO](#) [AU](#)

SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: May 28, 2008

GOVERNMENT TO ACT ON FUEL PRICES

1. The Austrian government, under pressure to act against rising fuel prices, has said it will respond by introducing a series of countermeasures. Vice-Chancellor and Finance Minister Wilhelm Molterer (OeVP) told ORF radio this morning that both commuter and mileage allowances will be raised "considerably," in order to take some of the financial burden off those most hard hit by record fuel prices. The move came after a number of provincial governors joined automobile clubs in calling for a reduction in fuel taxes and price controls. The Governor of Tyrol, Herwig van Staa (OeVP) suggested a special conference on the issue and Salzburg's Governor Gabi Burgstaller (SPOe) also demanded a reduction in fuel taxes. The Vice-Chancellor ruled out a reduction of these taxes, however. Responding to recent demands to act against growing fuel prices, Vice-Chancellor and Finance Minister Wilhelm Molterer (OeVP) underscored in an interview aired on ORF radio's early morning news Morgenjournal that "considerable increases of commuter and mileage allowances, a large-scale initiative towards boosting competition, and a proposal at the European level for a speculation tax" are among the measures the Austrian government intends to implement in this area. Molterer is to present the package in the Council of Ministers today, and detailed figures are to be published following the cabinet meeting. The Minister dismissed calls for fuel tax cuts, arguing that this "would send the wrong signal," given that part of the tax goes towards financing the Austrian climate protection funds.

Meanwhile, centrist daily Die Presse in a feature article looks into why "oil and gasoline prices are at a record high, despite the fact that there is no market shortage of oil. While the costs of oil production have virtually stayed the same, speculation and growing demand from China and India have caused prices to skyrocket." Analyzing the "era of oil," the Presse predicts that "in the long term, oil prices will continue to rise." Among the "manifold reasons" for this development is the "growing power of the oil producing cartel OPEC, the ever-growing global demand and dwindling oil reserves."

DOCTORS HELD STRIKE MEETING

2. Talks are to continue this afternoon between Austrian Healthcare Minister Andrea Kdolsky (OeVP) and doctors' representatives on health reform, following a crisis meeting with some 2,000 doctors gathered at the Austria Center in Vienna on Tuesday evening to discuss strike action. Agreement on continued talks came between the head of the Vienna Medical Chamber Walter Dorner and Austria's Finance Minister Wilhelm Molterer. The threat of strikes is not off the table, however, and the planned action would close all doctors' offices for three days from June 16, during the European Soccer

Championship. Doctors have said they oppose government plans to allow chemists to supply patients with cheaper generic versions of medicines prescribed, and re-structuring of health fund administration. Mass-circulation daily Kurier on its front page reports on the "doctors' complaints," saying "they are concerned the planned healthcare reform will be to their and the patients' disadvantage." Despite the conflict and massive criticism, "hectic negotiations" on a political solution continue between the doctors, the medical chamber and the government. Like the Kurier, mass-circulation tabloid Kronen Zeitung writes about a "face-to-face discussion" between Medical Chamber boss Walter Dorner and Vice-Chancellor and Finance Minister Wilhelm Molterer. Talks aimed at resolving the issue "are in full swing at all levels concerned," and are to "continue until the last moment." The tabloid adds, however, that "it remains to be seen whether the compromise proposals that may have come into play are substantial enough to sway the doctors."

"A REPUBLICAN WITH A SENSE FOR HITTING THE RIGHT NOTES"

13. On May 24, foreign affairs editor Christoph Prantner of liberal daily Der Standard published a portrait of Ambassador-Designate David Girard-diCarlo. By nominating the 65-year-old Republican, Prantner says, the US "President wants to send a distinguished lawyer from Pennsylvania as US Ambassador to Vienna. Girard-diCarlo is Chairman of the law firm Blank Rome LLP in Philadelphia, as well as Managing Director of the lobbying company Blank Rome Government Relations LLC in Washington." And, according to one of his Republican colleagues quoted in the Philadelphia Inquirer, "he is 'one of the smartest guys you could meet.'" Friends have also described Mr. Girard-diCarlo as a "big fan of music, who will certainly hit all the right notes in Vienna," says Prantner. In his portrait of Ambassador-Designate David Girard-diCarlo, published in May 24 in liberal daily Der Standard, foreign affairs editor Christoph Prantner points out that in the "ranking of the 'Texans for Public Justice,' David Girard-diCarlo is listed as a 'ranger,' which puts him on a par with Susan Rasinski McCaw, who left her post as US Ambassador in Vienna in November 2007, and New York businessman Charles Gargano, who should have succeeded McCaw." The "distinguished lawyer from Pennsylvania" was "born in a Philadelphia suburb, and the first member of his family who made it to college." He is an expert for economic and trade law as well as for government affairs, has worked with various law firms since the 1970s, and has acted as head of Blank Rome since the early 1990s, thus "taking his place among the US establishment for good. A good lobbyist, Girard-diCarlo also maintained contacts to Democrats, but his true affiliation is with the Republicans. He already collected money for George H. W. Bush, who then put him on the Board of Directors of the railroad company Amtrak. Later, he supported Tom Ridge for Governor of Pennsylvania. These days, the lawyer once again serves as "money man" for Republican presidential candidate John McCain. Girard-diCarlo is married, Knight of the Papal Order of St. Gregory, and holder of several awards bestowed by the Jewish Community in the US. Friends claim that he is a big fan of music and will certainly hit the right notes in Vienna."

MCCAIN CALLS FOR DOWNSIZING OF US NUCLEAR WEAPON ARSENAL

14. Republican candidate John McCain has said he wants to reduce the number of his country's nuclear weapons, should he become US President in November. "The Cold War has been over for 20 years, and it is time for measures to downsize considerably the atomic weapons arsenals worldwide," he told supporters in Denver, Colorado. In what Austrian media describe as "barely veiled criticism of incumbent George W. Bush," McCain emphasized the United States needed to "assume the kind of leading role again the world expects from us - along the tradition of US Presidents who committed themselves to reducing the nuclear threat to humanity." According to a report on independent provincial daily Salzburger Nachrichten online, Republican candidate John McCain has said that as President he would reduce the number of US nuclear weapons, and emphasized the necessity for "measures to downsize considerably the atomic weapons arsenals worldwide." At the same time, he dismissed as "naove" the strategy voiced by Democratic presidential hopeful Barack Obama, to directly discuss their controversial nuclear programs with Iran and North Korea. Negotiations alone would not cause "hostile states" to

abandon their nuclear ambitions, McCain argued. However, he also rejected the notion, put forward by some of the Bush administration's "hawks," that the proliferation of atomic weapons can be stopped with military means only. The use of force must always be the last, never the first resort, the Salzburger Nachrichten quotes McCain.

IAEA SAYS SUSPICIONS REMAIN OVER IRAN NUCLEAR PROGRAM

15. The Vienna-based International Atomic Energy Agency (IAEA) says it is still seriously concerned about Iran's alleged research into nuclear weapons, and has called on Teheran to provide more information on its nuclear program. In a report to the UN Security Council, the IAEA says Iran is holding back information on high-explosives testing relating to its nuclear ambitions. Iran has dismissed Western intelligence suggesting it has covertly studied how to design atomic bombs as "baseless, forged or irrelevant." Liberal daily Der Standard says that in the wake of the latest IAEA report on Iran's nuclear ambitions, Germany has threatened to increase pressure on Tehran over the issue. Berlin "wants some answers in connection with the IAEA report," the daily says, and quotes German Foreign Minister Frank-Walter Steinmeier, who stressed: "A number of questions have remained unanswered, regarding which we are pushing for quick answers." Iran had as yet failed to prove without doubt that it is willing to cooperate with the international community, Steinmeier added. Meanwhile, in her commentary on the international community's "helpless states," foreign affairs writer for the Standard Julia Raabe said: "Despite three UN sanction rounds and multiple appeals, Iran can obviously afford to determine where to grant insight and where not. Sometimes, it is more cooperative than at other times. In the IAEA reports, it is always the listing of many details and singular events that indirectly amounts to an evaluation. But always, they reveal the helplessness of the international community which has no effective means to get Iran to engage in real cooperation. The West has no choice but to continue its carrot-and-stick strategy. EU chief diplomat Javier Solana will soon present Tehran with an incentive package, as was already done in 2006 - and was rejected at the time. US calls for a tough course have become quieter in recent days: In November a new President will be elected. Perhaps that is a chance. For the time being, Tehran continues to do what it wants."

NEPAL SET TO BECOME REPUBLIC

16. Nepal is due to become a republic today, as the constituent assembly is about to take steps to formally abolish the monarchy after hundreds of years and prepare a new constitution. Once the assembly declares the monarchy officially over, King Gyanendra and his family will be given up to 30 days to vacate the royal palace. The king was stripped of all his powers two years ago after he gave up direct rule following widespread popular protests. The removal of the monarchy is a victory for the country's Maoist rebels, who fought a 10-year civil war to end the king's rule.

MCCLELLAN CRITICIZES BUSH OVER IRAQ

17. Former White House spokesperson Scott McClellan says in his soon to be published book that President George W. Bush "veered terribly off course" and was "not open and forthright" on Iraq. In the memoir due out next week McClellan also suggests President Bush relied on "propaganda" to sell the US-led Iraq War. The Washington press corps was too easy on the administration during the run-up to the war, the former spokesperson added. Kilner